

ACME WIDGETS LTD.

Supplying Nebraska's Need for Widgets Since 1956

Worldwide Widget Building, Suite 7071

987 Foghorn Leghorn Memorial Parkway, Anywhere, NE 68999

Ph: (402) 555-9876, Fax: (402) 555-1234

EMPLOYEE PERSONAL PERFORMANCE WARNING

The following (X) warning or () termination was issued on October 2, 2008 for the following employee: John Doe. This document shall become a part of this employee's personal record.

Issuing Supervisor / manager:

Frank Enphurtar, Productions Assembly Foreman, First Shift

Details of incident:

John Doe got into a fist fight with another employee, Robin Steele in the mail room around 3:00 pm on 10-02-08. The argument was over a stolen sandwich on 9-31-08. After removing Doe from the mail room, I tried to calm him down. Doe said that I was taking Steele's side and punched me in the face. He then went into the mail room and destroyed a mail cart and scattered mail, ruining a day of mail sorting. Security was called to escort Doe out of the building.

Employee's statement / response

Mailed to employee.

Recommended Course of Action

Doe should be suspended pending an investigation on termination.

I hereby acknowledge that I received the Employee Personal Performance Warning:

Employee

Date

Frank Enphurtar
Supervisor / Manager

10/3/08
Date

Amanda Huganess
Human Resources

10-3-08
Date

WITNESS STATEMENT

I, Shirley U. Jeyzt, was sitting in the break room eating my lunch at noon on September 31, 2008. I saw Robin Steele come into the break room, take a bag out of the staff refrigerator and pull out a sandwich. He began to eat the sandwich when John Doe came into the break room. John searched around the refrigerator for several minutes. He then looked at Robin Steele and said "You ate my sandwich!" Robin laughed and said "what are you going to do about it?" John then grabbed Robin but Robin hit John in the stomach. They then both started hitting each other and began to wrassle. By that time, Barney Barnacle and Herbert Cornhusker came into the break room and stopped the fight.

Shirley U. Jeyzt

Witness Statement

I, Al Koholik, saw John Doe
Punch that Rob guy over a
Sand wich. I think sandworch
wuz ham on Rye.

10 - 3 - 08

Al Koholik

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EMPLOYEE PERSONAL PERFORMANCE WARNING

The following (x) warning or () termination was issued on June 31, 2008 for the following employee: John Doe. This document shall become a part of this employee's personal record.

Issuing Supervisor / manager:

Barry Sweatshirt, Assistant Productions Assembly Foreman, Second shift

Details of incident:

John Doe has been late to work on the following dates:
5/14/08 = 8 minutes late, 5/16/08 = 10 minutes late
5/18/08 = 15 minutes late, 5/22/08 = 24 minutes late
John also left work 20 minutes early on 6/1/08

Employee's statement / response

I was late for work because of problems I have at home with my wife - I will try to come to work on time

Recommended Course of Action

Employee should review the employer's attendance policy and be placed on 90 day probation. Any further infractions with the attendance policy by John Doe will result in termination.

I hereby acknowledge that I received the Employee Personal Performance Warning:

John Doe
Employee

7-1-08
Date

Frank Englehart
Supervisor / Manager

7-1-08
Date

Amanda Hogorkiss
Human Resources

7-1-08
Date

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EMPLOYEE PERSONAL PERFORMANCE WARNING

The following (x) warning or () termination was issued on April 1, 2008 for the following employee: John Doe. This document shall become a part of this employee's personal record.

Issuing Supervisor / manager:

Newbomb Turk, Productions Assembly Foreman, Second Shift

Details of incident:

John Doe got into a verbal altercation with another employee, Robin Steele in the break room around 7PM on 3-31-08. The fight occurred when Steele accused Doe of eating his snack cakes. Other employees were able to separate Steele and Doe.

Employee's statement / response

He stole my ho-hos! I will mess him up the next time he does stuff like that.

Recommended Course of Action

Doe and Steele will take breaks at separate times and attend employer mediation and anger management. Any further occurrence of fighting will result in termination.

I hereby acknowledge that I received the Employee Personal Performance Warning:

John Doe
Employee

4-2-08
Date

Amanda Hugen (C.S.S)
Supervisor / Manager
Human Resources

4-3-08
Date

Step 2: If the employee is not satisfied with the response, the employee may appeal to the next level of supervision within five working days. This appeal should include a written response to any new matters or issues raised by the response of the supervisor. The Manager will review this appeal and conduct any investigation which appears to be warranted. Normally, this investigation will be completed within five to ten working days (depending on the nature of the problem). If the problem appears to be a dispute over policy issues beyond the realm of authority of the Manager, the matter may be referred directly to Personnel for further handling. Once the Manager has completed his review, a brief written response will be provided to the employee.

Step 3: If the employee remains unhappy with the response of the Manager, the employee may appeal the matter to the Personnel Manager for final resolution (unless the matter already has been referred to Personnel because it involves matters beyond the authority of the Manager). The Personnel Manager will review the file materials, conduct any additional investigation which may appear to be warranted, and render a final decision. Typically, this decision will be issued within five to ten working days, unless the matter is unusually complex.

Step 4: Problems, disputes, or claims not resolved through the preceding problem resolution steps may be subject to mediation by a neutral mediator, if both the Company and the employee agree mediation is in their respective interest. Mediation is by mutual consent only.

Procedure for Highly-Serious Incidents

Procedure for Highly Unsafe or Illegal Conduct:

The Company expects all of its employees, and particularly its supervisors, to be honest law-abiding citizens. We have instructed our supervisors that they are expected to do their best to observe and follow the law, in order to protect everyone in the Company, as well as members of the public. While we hope that all supervisors follow these instructions, we want to make it clear that no supervisor has the authority to engage in conduct, or to instruct any employee to engage in conduct, which would constitute a plain violation of the legal rights of the employee or coworkers, or a plain violation of the legal rights of the Company or the public at large.

If a supervisor goes beyond his authority and intentionally or recklessly engages in conduct (directly or through orders to employees) which would place the Company or its employees at serious legal risk or which is likely to cause serious harm to third parties, we want for upper management to be alerted much more quickly than occurs when the standard problem resolution procedures are followed. As a result, we have created this special avenue to allow prompt reporting of such situations, along with some guidelines for employees to follow in the event that such a situation arises.

The types of situations in which this expedited review procedure should be used are situations which will result (or have resulted) in serious criminal wrongdoing, or a serious violation of the rights of the employee or coworkers under applicable employment laws (including EEO laws), or would create risk of serious health/safety hazards, where the employee has reasonable grounds to believe that the supervisor will not fix the problem and the problem is so important or so urgent that the problem cannot be satisfactorily addressed through the normal problem resolution procedures.

If the employee concludes that the problem fits into this category, the next step is to decide whether there is time to make a written report to top management or whether the problem is so urgent that top management must be contacted without delay. Usually, if there is time to do so, the employee should try to take the time to write a written report which describes the situation in detail; lists any witnesses;

HUGNKISS, Amanda

From: Sweatshirt, Barry
Sent: Friday, June 31, 2008 8:31 AM
To: Hugnkiss, Amanda
Cc: Enphutar, Frank
Subject: John Doe's attendance

Amanda:

Frank told me that you needed information on John Doe's attendance.

John has been late to work on the following dates: 5/14/08 = 8 minutes late, 5/16/08 = 10 minutes late, 5/18/08 = 15 minutes late, 5/22/08 = 24 minutes late,

John also left work 20 minutes early on 6/1/08.

I hope this is what you were looking for.

Barry Sweatshirt
Assistant Production Assembly Foreman

ACME WIDGETS LTD.

PRODCUTION STAFF – SECOND SHIFT

WEEKLY WORK CHART

05-10-08 TO 05-17-08

	MON 5/10	TUES 5/11	WED 5/12	THURS 5/13	FRI 5/14	SAT 5/15	SUN 5/16
STEELE, R.	OFF	OFF	8.0	8.0	Late 10m	8.0	8.0
BUMBLE, B.	OFF	OFF	8.0	8.0	8.0	8.0	8.0
BLACK, I.	OFF	OFF	8.0	8.0	8.0	8.0	8.0
LEMON, T.	OFF	OFF	8.0	8.0	8.0	8.0	8.0
DOE, J.	OFF	OFF	8.0	8.0	Late 8m	8.0	Late 10m
CASPIAN, C.	OFF	OFF	8.0	8.0	8.0	8.0	8.0
BLUE, J.	OFF	OFF	8.0	8.0	8.0	8.0	8.0
ASKME, Y.	OFF	OFF	8.0	8.0	8.0	8.0	8.0
DUBBLE, U.	OFF	OFF	8.0	8.0	8.0	8.0	8.0

ACME WIDGETS LTD.

PRODCUTION STAFF – SECOND SHIFT

WEEKLY WORK CHART

05-17-08 TO 05-23-08

	MON 5/17	TUES 5/18	WED 5/19	THURS 5/20	FRI 5/21	SAT 5/22	SUN 5/23
STEELE, R.	OFF	OFF	8.0	8.0	Late 10m	8.0	Late 20m
BUMBLE, B.	OFF	OFF	8.0	8.0	8.0	8.0	8.0
BLACK, I.	OFF	OFF	8.0	8.0	8.0	8.0	8.0
LEMON, T.	OFF	OFF	8.0	8.0	8.0	8.0	8.0
DOE, J.	OFF	OFF	8.0	8.0	Late 24m	8.0	8.0
CASPIAN, C.	OFF	OFF	8.0	8.0	8.0	8.0	8.0
BLUE, J.	OFF	OFF	8.0	8.0	8.0	8.0	8.0
ASKME, Y.	OFF	OFF	8.0	8.0	8.0	8.0	8.0
DUBBLE, U.	OFF	OFF	8.0	8.0	8.0	8.0	8.0

ACME WIDGETS LTD.

PRODCUTION STAFF – SECOND SHIFT

WEEKLY WORK CHART

05-17-08 TO 05-23-08

	MON 5/24	TUES 5/25	WED 5/26	THURS 5/27	FRI 5/28	SAT 5/29	SUN 5/30
STEELE, R.	OFF	OFF	PTO	PTO	8.0	8.0	8.0
BUMBLE, B.	OFF	OFF	8.0	8.0	8.0	8.0	8.0
BLACK, I.	OFF	OFF	8.0	8.0	8.0	8.0	8.0
LEMON, T.	OFF	OFF	8.0	8.0	8.0	8.0	8.0
DOE, J.	OFF	OFF	8.0	8.0	8.0	8.0	Late 5m
CASPIAN, C.	OFF	OFF	8.0	8.0	8.0	8.0	8.0
BLUE, J.	OFF	OFF	8.0	8.0	8.0	8.0	8.0
ASKME, Y.	OFF	OFF	8.0	8.0	8.0	8.0	8.0
DUBBLE, U.	OFF	OFF	VAC	VAC	VAC	VAC	VAC

ACME WIDGETS LTD.

PRODCUTION STAFF – SECOND SHIFT

WEEKLY WORK CHART

05-17-08 TO 05-23-08

	MON 5/31	TUES 6/1	WED 6/2	THURS 6/3	FRI 6/4	SAT 6/5	SUN 6/6
STEELE, R.	HOLIDAY	OFF	OFF	8.0	8.0	8.0	8.0
BUMBLE, B.	HOLIDAY	OFF	OFF	8.0	8.0	8.0	8.0
BLACK, I.	HOLIDAY	OFF	OFF	8.0	8.0	8.0	8.0
LEMON, T.	HOLIDAY	OFF	OFF	8.0	8.0	8.0	8.0
DOE, J.	HOLIDAY	OFF	OFF	8.0	8.0	8.0	8.0
CASPIAN, C.	HOLIDAY	OFF	OFF	PTO	8.0	8.0	8.0
BLUE, J.	HOLIDAY	OFF	OFF	8.0	8.0	8.0	8.0
ASKME, Y.	HOLIDAY	OFF	OFF	8.0	SICK	8.0	8.0
DUBBLE, U.	HOLIDAY	OFF	OFF	8.0	8.0	8.0	8.0

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EMPLOYEE PERSONAL PERFORMANCE WARNING

The following (x) warning or () termination was issued on September 31, 2008 for the following employee: John Doe. This document shall become a part of this employee's personal record.

Issuing Supervisor / manager:

Frank Enphurtar, Productions Assembly Foreman, First Shift

Details of incident:

John Doe got into a fist fight with another employee, Robin Steele in the break room around noon on 9-31-08. The fight occurred when Doe accused Steele of taking his sandwich. Other employees were able to separate Steele and Doe. Both were sent home and suspended for a half-day without pay. (Witness statements are attached)

Employee's statement / response

Rob stole my sandwich - He got what was coming to him!

Recommended Course of Action

Doe and Steele will take breaks at separate times. Any further occurrence of fighting will result in termination.

I hereby acknowledge that I received the Employee Personal Performance Warning:

John Doe
Employee

10-1-08
Date

Frank Enphurtar
Supervisor / Manager

10/1/08
Date

Amanda Heggness
Human Resources

10-1-08
Date

HUGNKISS, Amanda

From: Frank Enphurtar
Sent: Friday, October 3, 2008 11:30 AM
To: Hugnkiss, Amanda
Cc:
Subject: October 2nd incident

Ms. Hugnkiss:

As to your request, here is my version of events regarding the October 2nd incident. John Doe was involved in another fist fight with another employee, Robin Steele. This occurred in the mail room around 3 in the afternoon.

The argument was over a stolen sandwich on September 31st. In that incident, John and Rob got into it when Rob took John's sandwich and ate it in front of him. In retaliation, John took Rob's snack cakes and ate two of them and threw the other on the ground and stomped on it saying "Ha ha dillweed, eat this!"

John ran down the hall with Rob chasing him. John and Rob then went into the mail room. Rob then jumped John and then they were rolling on the floor. Me and Doug Graves got in the middle of it and pull

After removing Doe from the mail room, I tried to calm him down. Doe said that I was taking Steele's side and punched me in the face, giving me a black eye. He then went into the mail room and destroyed a mail cart and scattered mail, ruining a day of mail sorting. Security was called to escort Doe out of the building.

Frank Enphurtar
Production Assembly Foreman

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February 10, 2010

Nebraska Appeal Tribunal
P.O. Box 94600
Lincoln, NE 68509-4600

Dear Sir or Madam:

This is in regard to the benefits hearing for John Doe, 10-9999. Please find the five exhibits attached with this letter.

Exhibit #1: Employee Personal Performance Warning, dated 4-1-08 (one page)

Exhibit #2: Employee Personal Performance Warning, dated 9-31-08 (three pages)

Exhibit #3: Employee Personal Performance Warning, dated 10-2-08 (two pages)

Exhibit #4: Termination Letter, 10-5-08 (one page)

Exhibit #5: Copy of the relevant sections of Acme Widgets, LTD. Employee Handbook and Code of Conduct.

Should you have any questions, please feel free to contact me at (402) 555-9876, ext. 409.

Sincerely

A handwritten signature in black ink, appearing to read "Amanda Hugnkiss", written in a cursive style.

Amanda Hugnkiss
Human Resources Manager

cc. file

ACME WIDGETS, LTD.
EMPLOYEE HANDBOOK AND CODE OF CONDUCT

REVISED, APRIL 1, 2004

Preface: Welcome Aboard

A Brief History of Our Company

We are glad that you decided to join our Company, and want to tell you a bit more about who we are, what we do, and how we do our work here.

Our Company was founded in 1955, by Marvin Acme, Sr., who saw the need of providing quality widgets to the state of Nebraska. Since that time, Acme Widgets has grown into a \$5 million dollar a year business employing over 600 employees like you!

Company Goals

The Company's goal is to develop a team of happy, loyal and productive workers who are eager to help the Company produce quality products for its customers at a reasonable cost, so that the Company will generate sufficient profits to permit continued growth for the Company and create continued opportunities for employment and advancement for all employees. Our employees are a part of our Team.

The key to the success of any Team is mutual support, respect and tolerance of any differences. To build an environment of trust, it is essential that all of us openly communicate our desires and expectations, and try to work together in a courteous manner to resolve our differences.

Purpose of this Handbook

This handbook was developed to communicate the employee benefits available to eligible employees, and to provide some general guidance about Company rules and operating procedures which the Company believes will be useful to all employees. This handbook sets out general policies which the Company uses in hiring, management, compensation, vacations, discharge and other aspects of the employer/employee relationship. We also will try to keep the lines of communication open through periodic notices to employees, as well as periodic employee meetings.

Open Communication is Encouraged

Communication is a two-way street. As a result, employees are encouraged to openly talk with their supervisors and managers about ideas which they may have to improve Company operations, and to discuss any problems which may prevent the operations from running in an efficient professional manner. Employees also are encouraged to talk openly with their supervisors about any concerns which they may have with respect to their particular working conditions. It is the job of our supervisors to act as a link between employees and upper management, and to help the employee to get answers to questions or concerns. So, don't be afraid to talk with your supervisor and ask for his/her assistance in getting answers to your questions.

Changes/Revisions/Interpretations of Guidelines

Obviously, no employee handbook can anticipate every circumstance or question which may arise in the workplace. Furthermore, it is virtually impossible to write any guideline which can be fairly applied to all situations at all times. Common sense or good judgment may dictate that exceptions should be approved in certain circumstances, or that certain policies should be abandoned as unworkable based upon past experience. Therefore, the Company reserves the right to interpret, modify, revise, supplement, or rescind any policies or portion of the handbook from time to time as it deems appropriate. Such revisions may be made in the Company's sole discretion and may be made with or without prior notice. To the extent that policies in this Handbook vary from prior policy or practice, the provisions of this Handbook will govern. In compliance with federal benefits law (ERISA), changes in policies pertaining to benefits normally will be made prospectively if the change appears to adversely affect benefit rights which have accrued and vested.

We are Firm Believers in the Free Enterprise System

The Company is a firm believer in the free enterprise system, and in the importance of flexibility and independence for both employers and employees. In keeping with this philosophy, the Company believes that employees should have the unfettered right to quit a job if they don't like it, or if they want to move somewhere else, or if they want to further their education, or maybe just stay home to take care of children or aging parents. Just as the Company believes that employees need this flexibility to run their own lives effectively, the Company wants the same flexibility to run its business.

As a result, employees should be aware that this Handbook is not intended to create any employment contract with them which promises that they will be employed for any set period of time. In particular, the provisions in this handbook are not intended to create any promise for lifetime employment or any guarantee that employees will be discharged only for "cause."

Unless you are a top level executive who has negotiated a written employment contract, signed by the President and approved by the Board, your employment is considered to be "at will." This means that either you or the Company can end the employment relationship at any time for any reason.

Of course, we hope that you will like it here - and that you will be such a terrific asset to our Company that we would hate to lose you. And, we hope that we can make this such a terrific place to work that you would hate to leave. But, we realize that some employees will leave for all sorts of reasons (transfer of a spouse, college graduation, starting a family, etc.), and that we may have to ask others to leave for all sorts of reasons (including inability to do the job, or inability to get to work on time or at all, or inability to get along with supervisors or coworkers).

So, our relationship may be for a short time or for many years. Regardless of how long we will work together, we do know this. If we treat one another courteously and with genuine good will, try to walk a mile in each other's shoes and see both sides, listen to one another, and try to deal with each other in an honest and fair fashion, we believe that everyone will benefit from our relationship and be glad for the time which we spend together.

Welcome to our Team!

Section 1: Corporate Philosophy on Courtesy and Equal Opportunity

The Company firmly believes in the philosophies behind the “Golden Rule” of treating those with whom we come in contact in our work with the same courtesy, professionalism and respect which we would like to be shown ourselves. As a result, the Company strongly supports the concept of Equal Employment Opportunity, because we believe such policies benefit our business, our employees and our entire society.

In keeping with this policy, all employees are expected to abide by applicable federal and state laws which prohibit discrimination against any employee or applicant for employment because of race, color, religion, sex (gender), national origin, age, disability, or status as a qualified disabled veteran or veteran of the Vietnam era. This includes providing reasonable accommodations to the religious beliefs of others, as well as providing reasonable accommodations for any ADA-covered disabilities which they might have.

These same principles require our employees to abide by applicable federal and state non-discrimination laws in their dealings with customers, visitors, vendors and suppliers, including providing appropriate accommodations to disabled individuals in order to permit them comparable access to our services and facilities as provided to non-disabled individuals. Employees who receive requests for such accommodations should always ask for management guidance before rejecting an accommodation request.

Consistent with our Golden Rule philosophy, all employees are expected to take personal responsibility to try to get along with others who may have different beliefs, backgrounds, or other differences, and to display common courtesy in their dealings with one another. The common courtesy which we expect of our employees includes: being careful to avoid teasing and unkind "jokes" or remarks about the personal characteristics of another person; avoiding workplace discussions of issues likely to generate disputes (such as politics, religion, and sex); avoiding racial, ethnic or sexually-oriented jokes; avoiding invasions of the personal privacy of others; and otherwise making genuine efforts to treat others with the same courtesy, consideration and respect which you would like to receive. It also means avoiding any use of position or power for personal gain or advantage (including using influence or position to engage in any conduct which would constitute harassment under this policy).

There are a number of reasons why our Company places a strong emphasis on the use of common courtesy in dealing with others. The most important reason is that we believe that this policy helps us to establish an environment of trust within our Company which makes it much easier to work together productively, because this trust allows us to give one another the benefit of the doubt when problems arise. This environment of trust, in turn, makes it easier to resolve misunderstandings and work out satisfactory solutions if some mistake has been made.

Anti-Harassment Policy:

In the course of carrying out their duties for the Company, no employee, supervisor or manager has been given any authority by the Company to require any other employee, vendor, customer or supplier to enter into any type of sexual relationship, to demean any individual because of gender/sex, or to require any such person to listen to or participate in sexual discussions (including sexual jokes) which are unwelcome or offensive to such individual. Likewise, no employee, supervisor or manager has been given any authority to require any employee, vendor, customer or supplier to adopt any particular

religious views, to demean any individual because of their religious views, or to require any such person listen to or participate in religious discussions which are unwelcome or offensive to that individual. Furthermore, no employee, supervisor or manager has been given any authority to demean any employee, vendor, customer or supplier because of their race or ethnic background or the existence of any disability, or to require any such individual to listen to offensive or unwelcome jokes or remarks based upon race, ethnicity or disability.

Under the law, this type of rude behavior is also likely to be considered to be unlawful "harassment" if the employee knew that the conduct would be unwelcome or offensive (or the conduct was of the type which most reasonable people would have realized would be offensive under the circumstances). If offended, it is a good idea in most cases to give the other person the benefit of the doubt; courteously inform them that their conduct is upsetting; and give them a chance to correct the problem. However, common sense should prevail, and cases of serious misbehavior should be brought to the attention of management or Personnel (as should situations where offensive behavior continues, even after objection has been registered).

All forms of harassment are forbidden, including harassment based on sex (gender), race, color, religion, national origin, age, disability or veteran status. Of course, it also should be obvious that such conduct is a serious violation of our Golden Rule philosophy. Any Company employee found to have engaged in unlawful harassment is subject to severe disciplinary action (up to and including discharge). The Company likewise does not expect its employees to put up with harassment by vendors, suppliers, customers or visitors. Any such harassment should be reported promptly, so that the Company can address the problem quickly.

Using the Problem Resolution Procedure:

Full details of the Problem Resolution procedure are set forth in a separate section of this handbook. Briefly summarized, employees should take the following actions if they believe that they have been subjected to harassment or other unlawful treatment in violation of our EEO Policy:

If an employee believes that he/she has been treated rudely or offensively by another Company employee, the first step for the employee to take is to determine whether there is any reasonable chance that the offending party may have been unaware that the conduct was offensive. If so, then the employee should take personal responsibility to first try to resolve the situation by talking with the individual; advising the individual that the conduct was objectionable; and giving this individual an opportunity to correct the situation. Many times, offensive situations arise from thoughtlessness or insensitivity, or amount to clumsy efforts to joke or tease, without any true intent to do harm. Thus, a private discussion which gives the benefit of the doubt to the other party is often appreciated, and usually can lead to an amicable resolution of the problem. If the problem remains unresolved, then the complaint should be brought to the immediate supervisor (or next level of management, if the supervisor is involved), using the normal Problem Resolution procedure.

On occasion, however, an employee may engage in conduct which most reasonable people know would result in serious offense to another (such as racial name-calling, or very explicit sexual jokes). In such a situation, the employee should promptly report the matter to the immediate supervisor (or the next level of management, if the supervisor is involved). Other employees also have a responsibility to report these types of problems if the affected employee is reluctant to report the matter, so that the situation does not escalate to the point where the work of everyone in the area becomes adversely affected by a poisoned atmosphere.

In truly urgent situations where the personal wellbeing of the employee or of a coworker is seriously endangered by the conduct of a supervisor or another coworker (such as instances of attempted sexual molestation), the first step is to get to safety, and then to alert top management using the procedures set out for reporting serious supervisory misconduct.

In the case of harassment by any outside vendor, customer, visitor or supplier, the procedure to follow depends upon the nature and severity of the harassment. Where no offense may have been intended by the outside individual (such as joke-telling by a salesman which offends some, but not others), it may be appropriate to try to handle the matter in the same way as when dealing with a coworker who has inadvertently done something offensive (unless the outside person is at a much higher level, in which case it may be better to ask the supervisor to handle the matter). Where the outside person is being verbally abusive (such as engaging in name-calling or using racial/sexual epithets), the employee should try to remain calm; keep notes of what was said; avoid confrontations (which only tend to escalate matters, and result in arguments over who started it); and send immediately for a supervisor to handle the matter. However, if the outside person has been or appears very likely to become physically abusive (including pushing, shoving, or grabbing), the employee should find any excuse to leave the area immediately, and then promptly find the nearest supervisor to handle the problem.

Non-Retaliation Policy:

The Company wants all employees to feel free to present workplace problems through its Problem Resolution procedure, and to feel free to insist on courteous treatment in compliance with this Policy. As a result, no retaliation is permitted against a person who has made a good faith complaint or report of a workplace problem (including a complaint of possible discrimination or harassment), or who has made a good faith request for an investigation into whether discrimination or harassment has occurred, in accordance with the Problem Resolution Procedure.

Compliance with Affirmative Action Rules and Other Legal Requirements:

In compliance with E.O. 11246 and its implementing regulations, as well as in compliance with other laws applicable to federal contractors and subcontractors, Company decisions regarding employment are designed to utilize only valid requirements for hiring and promotions, and to ensure equal employment opportunity in all other aspects of employment. Our policy of non-discrimination extends to: Employment, promotion, demotion, recruitment or recruitment advertising, layoff or discharge, rates of pay or other forms of compensation.

The Company is required by law to make reasonable accommodations for qualified individuals with disabilities, unless doing so would result in an undue hardship. This policy governs all aspects of employment, including selection, job assignment, compensation, discipline, termination, and access to benefits and training. If an employee has a disability or impairment which is creating job difficulties or requires an accommodation, this matter should be brought to the attention of the supervisor or the Personnel Manager.

The Company is also obligated to comply with the Immigration Reform and Control Act of 1986, and cannot employ any individual unless they are a citizen of the United States or an alien with proper authorization to work in the United States. Each new employee must complete the Employment Eligibility Verification Form I-9, and present documentation establishing identity and employment eligibility. Employees with questions on immigration law issues are encouraged to contact the Personnel Manager.

Section 2: Leaves and Absences

The purpose of this Section is to identify the common reasons that employees request time off work, and to provide some guidelines on when the Company will treat such absences as excused (so that no disciplinary action will be taken for the absence). Obviously, not every possible situation can be envisioned or identified, and the Company retains the right to decide whether a particular absence should be excused in any particular situation.

Guidelines on Attendance

Certain types of leave are required by federal or state law. These types of leave includes leave to obtain treatment for work-related injuries; FMLA leave (including pregnancy leave); military leave; time needed to vote; and appearance in court for jury duty or in response to a subpoena. The Company will grant an approved absence if an employee needs leave for these reasons, upon receipt of a timely notice for such leave; proper verification of the need for such leave; and completion of any necessary forms and paperwork for the leave.

In addition to these government-required leaves, the Company realizes that times will arise when an employee may need to take time off from work because of minor illness or in order to attend to various civic, personal or family matters which cannot be handled outside of the normal work day. By the same token, when an employee misses work (especially if the work cannot be made up), this creates a hardship on the Company and on other coworkers who need to cover for the employee. Repeated absences, even for what may appear to the employee to be good reason, may result in disciplinary action (unless leave is required by federal or state law).

Before the Company will consider making an effort to accommodate a request for time off from work for absences which are not covered by federal or state laws, the Company needs to receive as much advance notice as possible of any anticipated absence. Requests for time off are more likely to be approved where considerable advance notice is given; the reason for the absence is legitimate and verifiable; the nature of the absence requires that the employee miss all or part of the normal workday; the employee has presented a workable plan for making up missed work or can propose a workable redistribution of his work to others during the absence; and the employee has remaining paid leave time available which may be applied to the absence. Where the employee has given little or no notice of the absence and the absence was avoidable with reasonable care (e.g., forgot to set alarm or overslept), the absence is very likely to be treated as unexcused - even if the employee is allowed or required to make up the time.

Employees should keep the following factors in mind in requested time off from work:

1. If we didn't need you at work, we would not have hired you. Thus, every effort should be made to keep any absences from work to a bare minimum.
2. Any situation where the employee is absent from the job during the normal workday (including situations where the employee comes in late, leaves early, takes a long lunch period, or leaves/returns at some point during the workday) is treated as an "absence" unless it falls within an applicable grace period.
3. Most employees will be allowed an occasional 5-10 minute grace period at the start of the day to allow for occasional traffic problems or weather delays if the time is made up during the same day. Check with your supervisor, however, as certain

4. Employees who abuse grace periods may be subject to disciplinary action, even if the time is being made up. If you discover that you are consistently having trouble reporting at a particular time, you should talk with your supervisor about possible flextime scheduling BEFORE getting into disciplinary trouble.
5. Good reason and advance notice must be given for any non-emergency absence, or the absence will NOT be treated as excused.
6. Even if good reason (in the eyes of the employee) may have been given to request time off, the Company retains sole discretion to decide whether or not to excuse the absence (unless approval of the absence is required by applicable state or federal law).
7. Requests for time off may be denied based upon such factors as existing work loads; earlier leave requests by others in the group; and your own prior work history, attendance and disciplinary record. In this Company, long-term good employees who rarely miss work are more likely to receive special consideration than brand-new employees who are often absent or late and who don't work very hard when they are here.
8. Failure to provide as much advance notice as possible of a proposed absence may result in denial of permission for the absence or insistence that the absence be postponed to a later date.
9. Except for true emergency situations, non-scheduled absences are not acceptable and will result in the absence being treated as unexcused.
10. Any unexcused absence (whether for a foreseeable or emergency absence) is grounds for disciplinary action. The degree of discipline to be imposed will depend on the prior work history of the employee; the promptness of the employee in providing notice (even if belated); the justification provided for the absence; and the attitude displayed by the employee in the situation (demonstration of defiance, insubordination, or lack of concern over compliance with company rules will be dealt with more severely than where the employee demonstrates sincere concern over the absence and has a concrete plan in place to prevent future absences).
11. The issue of whether the absence will be excused is different from the decision on whether the absence will be paid. Unless the employee has available paid leave time which applies to the absence, or the time can be made up, the time missed will be treated as unpaid if the employee is non-exempt (if exempt, the employee only will be docked for absences of one day or more unless the absence is covered by FMLA intermittent leave, or other conditions permit docking under the FLSA).
12. Once paid leave time of a particular type has been exhausted, any additional leave granted for the same reason normally will be unpaid. Thus, if an employee has already used all available bereavement pay for the year, the employee may be

13. The employee must meet all conditions for the leave in order to be entitled to the leave. For example, if no family member has died during the year or the employee has no illnesses covered by sick pay, an employee is NOT entitled to fake an illness or fake the death of a relative in order to get additional time off.
14. Do not believe a coworker or buddy who tries to convince you that you are entitled to make up some phony excuse to be off because these are days which "you had coming". If you falsify the reasons for a leave request, you will be fired immediately.

Funeral Leave

Employees are provided with a maximum of three days of paid bereavement leave per year. Bereavement pay is payable only for the time which the employee needs to miss work in order to attend the funeral of one of the following relatives: the employee's spouse, or the parent, child, sibling, grandparent or grandchild of the employee. Bereavement pay is calculated based on the base pay rate at the time of absence, and will not include any special forms of compensation, such as incentives, commissions, bonuses, or shift differentials.

In order to allow an employee to deal with the particular trauma of the death of the employee's spouse or minor child, the Company normally will allow the employee to take additional time off (either by granting an unpaid leave of up to two additional weeks or allowing the employee to apply up to two weeks of accrued vacation time to the absence). The employee should coordinate with the Personnel Manager and supervisor, if the employee wishes to obtain extended leave in such instances.

Requests for funeral leave must be made as soon as the employee is aware of the need for leave, and must include appropriate information to allow the Company to verify the need for the leave (including full name of the deceased, relationship to the employee, as well as name/address and phone number of the funeral home). Fraudulent requests for funeral leave are grounds for immediate discharge.

The Company also realizes that employees may wish to attend funerals of other persons (including in-laws, close friends, or family members beyond the immediate family) after the available bereavement pay for the year has been used. In such cases, if workloads permit, the Company may allow the employee to take up to 3 days off without pay to attend the funeral, or to apply vacation days to the time off (up to a maximum of 3 days). As a general rule, if the funeral is within 75 miles of the facility, no more than one day of leave may be allowed. If the funeral will take place over 75 miles from the facility, additional leave time may be granted (up to 3 days of leave).

Military Leave

The Company will comply with all applicable legal requirements regarding leave for employees who are absent due to military service. If you are going to be absent due to military service, please check with the Personnel Manager so that arrangements can be made for such leave.

Court Attendance & Jury Duty

The Company will grant leave to employees who must be absent due to jury duty. The Company may require proof of such court attendance. Employees on jury duty will receive their regular compensation, less jury pay, for the first ten working days of any such service.

Additional jury duty time beyond ten working days will be unpaid (unless the employee chooses to apply available accrued leave time to the absence). However, any absence for jury duty will be considered to be excused, and during the period of jury service the employee will be treated in the same manner as any employee on unpaid personal leave. If an unpaid leave will present an undue hardship to the employee, the employee should advise the court of this fact at the time of jury selection.

Employees who wish to make court appearances in their own litigation should make advance arrangements to request time off for such appearances. Vacation time normally may be applied to the absence, if such time is available and advance arrangements have been made. Employees should be aware that court dates normally are set several weeks in advance. Failure to request time off in a timely manner may be viewed as grounds for denial of the leave or denial of the application of vacation time to the absence. As a result, employees may be well advised to inform their counsel of the need to receive timely notice of any court appearances (because "emergencies" created by neglect of counsel are not viewed as genuine emergencies by the Company).

If the employee is subpoenaed to appear on behalf of another person in litigation to which the employee is not a party, the employee should follow the usual procedures for requesting personal time off. Absences for such appearances will be unpaid (subject to any FLSA requirements applicable to exempt employees), unless the employee is permitted to apply accrued vacation time to the absence.

If an employee appears as a witness on behalf of the Company in any litigation, the time spent will be treated as working time and will be paid.

Job-Related Injury Leave

An employee who sustains an on-the-job injury will be granted a leave of absence while the employee is temporarily unable to perform the duties of his job (which is called "TTD"). This leave will run concurrently with any available FMLA leave, but can be extended for as long as the period of TTD continues (even if FMLA leave has expired).

The injured employee has the responsibility of advising the treating physician(s) of the essential physical requirements of the job (or, where applicable, mental requirements), so that the physician can have the necessary information to assess when the employee will be able to return to work. The employee should contact the Personnel office to obtain a description of the essential functions of the job in question, and must promptly provide the same to all treating physicians. In addition, the employee may be required to provide a release to the Personnel Manager to contact the treating physician to obtain appropriate additional information needed to assess the ability of the employee to work.

In most cases, the opinion of the treating physician will be sufficient to allow leave to be granted. However, on occasion, the assessment of the treating physician may be called into question. Such situations frequently arise where the employee has chosen to see a chiropractor or general practitioner who primarily handles workers compensation and car wreck claims, instead of a board-certified specialist in the type of injury sustained (such as a certified hand surgeon for a hand injury, or orthopedic

specialist for a bone/joint injury, or neurologist for a nerve injury). Thus, employees who wish to avoid delays or unnecessary complications in the resolution of their claims may find that their claims will be handled more easily if they choose to obtain treatment from a recognized specialist in the area. While this does not guarantee that no differences of opinion will arise between their treating physician and physician hired by the insurance carrier to conduct an independent exam, such disputes tend to be less frequent and less severe when a recognized specialist is used for treatment of the injury.

When the ability of the employee to return to work has been called into question, the Company reserves the right to condition additional leave upon prompt cooperation in an Independent Medical Examination or cooperation by the employee in the prompt presentation of the issue to the Court for decision.

While the employee is recuperating, the employee should be aware that the Company has a limited ability to accommodate requests for temporary light duty. In situations where the doctor does not believe that the employee has recovered sufficiently to be given a full release to return, the employee should request that the doctor contact the Company to determine whether work can be provided which will meet the restrictions which the doctor believes to be necessary. On occasion, temporary light duty work only will be available in a different job classification, and the Company reserves the right to offer temporary reassignment to this position (with or without any change in pay) in order to allow the employee to return to work. Failure to accept a temporary light duty assignment can lead to termination of TTD pay, and may result in a ruling by the court that the remainder of any leave will be without pay.

Once the employee has reached maximum medical improvement, the treating physician will issue a final impairment rating to assess if there is any residual permanent impairment. At this point, the employee also will be released from further medical care, but this release may be with or without restrictions. When this final release is made, the employee must bring a copy of the doctor's report to the Company. If released without restrictions before FMLA leave time has been exhausted, the employee will be reinstated to his former position as quickly as possible (except in cases where the job has been eliminated or persons of like status are on layoff status). Where restrictions have been imposed, the Company will assess whether reasonable accommodations are available which would permit the employee to perform his prior job, or whether other jobs are available which the employee could do with the restrictions imposed. On occasion, the injury may have been so severe that reinstatement is not possible. In such circumstances, the Company will make efforts to assist the employee in pursuing any retraining available under the workers compensation laws or to assist the employee in seeking a total disability determination from Social Security.

Vacation Benefits

Paid vacation time off is available to regular full-time employees to provide them with time away from work to attend to personal or family matters, and other personal pursuits. The amount of paid vacation time which employees will receive is governed by the years of service which they have accumulated.

A year of service for vacation purposes is calculated starting with the date of hire and normally will run for twelve consecutive months thereafter (so each year of service typically will coincide with the anniversary date of the employee). However, the anniversary date may be adjusted for leaves of absence in excess of two weeks (unless otherwise prohibited by law).

Vacation pay is paid at the employee's base pay rate at the time of vacation. It does not include overtime or any special forms of compensation such as incentives, commissions, bonuses, or shift

differentials. Paid vacation time typically is scheduled in minimum increments of one-half day. Where the employee is using vacation pay for a FMLA-covered absence, however, different rules may apply. Check with Personnel in these situations to determine how your vacation pay may be applied to such an absence.

Procedure for Foreseeable Absences:

If an employee desires non-emergency time off work for personal reasons related to care of the employee or member of the employee's immediate family (under circumstances which would not qualify as FMLA leave), the employee must apply to the immediate supervisor for permission to take time off as soon as the need for the absence is known and provide full details regarding the proposed date/time of the absence, the reason for the absence, how the employee proposes that missed work will be made up, or what type of leave is proposed to be applied to the absence. An example might be to take an afternoon off work so that a child may go to the orthodontist to be fitted for braces on the teeth.

Every effort must be made to coordinate the scheduling of the proposed absence with the supervisor so as to cause the least possible disruption of the business. Subject to work requirements, an excused absence usually will be granted if at least two weeks notice of the absence has been given and work schedules can be rearranged so that missed work can be made up without undue disruption of the business operations. Normally, non-exempt employees will need to be able to make the work up within the same workweek (so that overtime problems will be avoided). In essence, this results in a one-time flextime arrangement (and can be made in a variety of ways, including trading shifts or days off with another employee, or working early or late on certain days to make up the missed work).

Permission also may be granted if a request is made at least two weeks in advance and vacation pay can be applied to the absence (so long as this does not conflict with the scheduled vacation of another employee) or the employee has available sick pay time which may be applied to the absence (i.e., the absence is a type which qualifies for sick pay).

Where no paid leave is available or where the work cannot be made up, permission for time off is within the sole discretion of the Company (except where leave is required by FMLA or other applicable federal or state law). Unless the employee offers an exceptionally good reason for the absence, and has consistently maintained an excellent work history, additional time off is unlikely to be approved in these remaining cases.

Severe disciplinary action may be imposed (up to and including discharge) where:

- The employee fails to seek or obtain timely advance permission for foreseeable absences;
- The employee fails or refuses to make reasonable efforts to accommodate the business needs of the Company or legitimate expectations of coworkers;
- The employee fails to report to work after permission for time off has been denied or postponed due to unwarranted delays by the employee in providing proper advance notice of the absence.

Procedure for Emergency absences:

Unscheduled absences create very severe headaches for any company. Such absences should be kept to a bare minimum, and reserved for truly serious matters which could not be foreseen and could not have been avoided (even with advance planning by the employee).

If an emergency situation arises, the employee must immediately contact the supervisor of the reasons for the absence and request permission to take time off. If the information provided is insufficient to satisfy the supervisor that the absence was due to an unavoidable emergency, the absence may be treated as unexcused (or a decision may be postponed pending receipt of further information). Sick pay may be applied to such emergency absences, if the absence otherwise would qualify under the sick pay policy. Vacation time normally cannot be applied to unscheduled absences (although, in the case of extended emergency absences due to severe injuries or illness, the Company may elect to waive this limitation).

Differences between exempts and non-exempts:

As a general rule, non-exempt employees who take time off for personal or family-related absences will not be paid for the time missed (unless the time was permitted to be made up), except where the employee has accrued vacation or sick pay which is permitted to be applied to the absence.

Exempt employees usually will be expected to make up work missed by partial days of absence during a work week. As a result, the Company normally will not dock exempt employees for partial days of absence (even when otherwise permitted by FMLA), except in situations where the frequency and duration of the absences make it unlikely that the time can be made up (such as extended intermittent leave under FMLA). However, exempt employees are subject to being docked for absences of one full day or longer due to illness or injury (or for other reasons permitted by the FLSA), unless they have appropriate leave time available which may be applied to the absence.

Sick Pay

Regular full-time employees will accrue sick pay at the rate of 0.42 of a day for every full month of service after completion of the initial introductory period. Sick pay will be calculated based on the employee's base pay rate at the time of absence, and will not include any special forms of compensation, such as incentives, commissions, bonuses, or shift differentials.

The amount of sick pay which will be charged back against the employee's accrued sick time will be based upon the time actually missed from work after the one-day waiting period. Time is charged based upon minimum increments of one-tenth of an hour (6 minutes).

Unused sick pay may be accumulated and carried over from year to year, up to a maximum of 30 days. Any sick leave days which are unused at time of termination will expire, and employees will not receive any extra compensation for any remaining days in their leave account. Sick pay may not be applied to absences for which the employee is receiving compensation for lost wages under some other insurance program (including workers compensation).

Regular full-time employees may apply accrued sick leave to an absence due to their own illness or that of a member of the employee's immediate family, subject to the provisions of this policy. To be treated as an eligible absence to which accrued sick pay may be applied, the absence must be:

- Due to a verifiable illness or accident of the employee or member of his immediate family.
- Advance notice and permission must have been obtained for the absence or the employee called in and obtained permission for emergency time off.
- The employee has provided any required doctor's certificates.
- The employee has completed necessary paperwork applicable to the absence.

There is a one-day waiting period before sick pay may be applied to an absence due to a particular accident or illness. The waiting period applies only to the first day of absence due to a particular condition which occurs in any 3-month time period. Additional absences related to the same condition which occur with the 3-month time period after the initial absence do not require an additional waiting period, provided that the employee has presented an appropriate physician's statement which verifies that the absence is related to the same condition.

For example, an employee who misses 2 days in March and 3 days in April due to ongoing back problems will not have a waiting period applied to the April absences. However, an employee who misses two days due to the flu in March, and then misses two days in July due to a child's broken wrist, will have a waiting period applied to each of these absences.

Personal Leaves of Absence

Leaves of absence may be granted to allow the employee to handle personal, family, educational or religious matters which cannot be handled during regular vacation time off and which are not covered by FMLA leave. Such personal leaves may be granted for periods of time of one week up to a maximum of six months. The decision to grant or deny the leave is within the sole discretion of the Company (based upon a number of factors, including the amount of time requested; whether vacation time was available which could have been used in lieu of asking for added time off; the reason for the request; whether the leave will benefit the Company in any way; the prior work history of the employee; the hardship to the Company if the leave is granted; and related factors).

Employees are not eligible to apply for a personal leave until after they have completed three full years of service. Except in extremely unusual circumstances, no employee will be granted more than one extended personal leave (i.e., leave in excess of two weeks) in any three-year period. All such leaves will be unpaid; no benefits will accrue during any extended leave; and the employee will be required to reimburse the Company for health insurance premiums during any extended leave, in the same manner as required for COBRA extension of benefits.

Maternity/Paternity Leave

Requests for time off due to pregnancy-related disabilities will be treated in the same manner as requests for leave due to other non-work-related disabilities (if the employee is not covered by FMLA), or will be treated as a FMLA-covered absence (if the employee is covered by FMLA).

Requests by the mother or father for leave to care for a newborn baby (or for a newly-adopted child) will be considered in the same manner as any other request for an unpaid personal or family leave (or will be considered to be covered by the provisions on FMLA leave, if the employee is eligible for such leave).

FMLA Leave

Full time regular employees are eligible for an unpaid FMLA leave of absence after completion of twelve months of full-time service. Employees who are temporary, casual or permanent part-time workers also qualify for such leave if they have worked for the Company for at least one year and have worked 1250 hours in the twelve months preceding the absence.

Leave may be requested for the employee's own serious health condition, or to care for a member of the employee's immediate family who has a serious health condition. In addition, FMLA provides certain leave to employees for the birth or adoption of a child (although such leave may be limited where both parents work for the Company, so it is important to check with Personnel if this applies to your situation).

Under FMLA, members of the immediate family include: parents of the employee (or other persons who have been the functional equivalent of parents of the employee, such as guardians or step-parents), siblings of the employee, and children of the employee. Generally, FMLA leave is not available to care for other relatives, including relatives by marriage.

For purposes of FMLA, serious health conditions or disabilities include inpatient care in a hospital, hospice, or residential medical care facility; continuing treatment by a health care provider for a chronic serious health condition; and temporary disabilities associated with pregnancy, childbirth, and related non-permanent medical conditions.

Eligible employees are normally granted leave for the period of the disability, up to a maximum of 12 weeks within any 12 month period. Employees will be required to first use any accrued paid leave time before taking unpaid medical leave, and such time will be credited towards their total leave time.

In determining eligibility for leave, the Company will employ the "look-back" method. Under this method, the Company will look back to the preceding twelve month period of time to determine if the employee has met eligibility requirements, and also will look back in this period to determine whether the employee has exhausted the twelve-week leave entitlement.

Eligible employees should make requests for medical leave to their supervisors at least 30 days in advance of foreseeable events, and as soon as possible for unforeseeable events. A health care provider's statement must be submitted verifying the need for medical leave, and its beginning and expected ending dates. Any changes in this information should be promptly reported to the Company. Employees returning from medical leave must submit a health care provider's verification of their fitness to return to work.

Normal sick pay rules will apply to routine FMLA-covered absences of several days duration. However, where the employee or family member has a chronic health condition which requires recurrent intermittent leave, the employee will be permitted to apply sick pay to such absence based upon increments equal to the actual amount of time missed from work, subject to the waiting period rules established by the sick pay policy.

Section 3: Discipline and Termination

Discipline

If an employee fails to meet our overall expectations for performance of the job (including compliance with Company rules and procedures, as well as use of common sense and common courtesy), the Company must decide whether imposition of discipline is likely to fully correct performance deficiencies and turn the employee into a desirable worker.

If the Company does not believe that discipline is likely to turn the employee into a desirable worker, then the employee is subject to immediate termination. Instances where no disciplinary action is likely to be considered to be worthwhile include situations where, despite real effort, the employee simply cannot do the work assigned (whether due to lack of needed skills, lack of physical ability, personality issues, or other factors which the employee is likely to be unable to change within the time needed). Discipline also may be considered not to be worthwhile where the overall record of the employee is poor or the employee requires an excessive amount of supervisory time (e.g., the supervisor is often dealing with problems created by the employee, or often having to oversee the employee's work to get satisfactory work or effort, or often having to adjust schedules due to unexcused absences, tardiness or poor work effort by the employee).

In making the decision on whether to impose discipline, as well as what type of discipline to impose, the Company considers the following types of factors: the severity of the particular offense in question (some acts are so serious that termination is the only viable option); the prior overall record of the employee (including the number of times that the employee has presented past disciplinary problems, even if different from the current offense, as there is a point where an employee becomes more trouble than she/he is worth); the effect of the offense/ discipline on the morale of other employees in the Company; the effect of the offense/discipline on those who do business with the Company; and whether the employee has demonstrated an overall aptitude, ability and willingness to satisfactorily perform assigned job duties (so that it makes sense to devote scarce supervisory time and resources towards working with the employee to try to correct the problems).

The Company believes in treating every employee as an individual and in assessing each particular situation to determine the disciplinary action to be taken. On occasion, this may mean that an employee will receive greater or lesser discipline for a particular offense than someone else (in most cases, this arises when one person has a clean disciplinary record and has been doing excellent work for several years, while the other is a short-time employee who has been in constant trouble for varying offenses since hire and whose overall work is poor).

Any of the following types of disciplinary action may be given to an employee. In addition, where the decision is made to continue employment, the Company reserves the right to impose special requirements or terms on the employee as a condition of continued employment (such as probationary periods during which additional infractions or failure to adhere to an agreed performance improvement plan may result in further disciplinary action or termination).

- Termination - Company decides that further employment of the individual is not in its best interest, and severs the employment relationship.
- Suspension without pay - Generally, these suspensions are from one to three days of time off without pay. The days of the week of the suspension are Tuesday, Wednesday and Thursday (i.e., the suspension will be set up to avoid giving the

- **Written warning** - Employee receives formal written notice from supervisor of the infraction, and the steps required to correct the problem. Employee must commit in writing to immediate correction of the problem.
- **Verbal warning** - Employee is verbally notified by their supervisor of the infraction, and a commitment is obtained from the employee to cease the offending conduct immediately.

The type of discipline selected is in the sole discretion of the Company. Employees who are dissatisfied with the discipline imposed are free to present their complaints through the problem resolution procedure. However, pending resolution of their complaint, any discipline imposed will continue in effect unless management specifically advises the employee to the contrary.

Reasons for Termination

Employment may be ended by the employee or by the Company at any time, and for any reason. Common reasons for ending the employment relationship are:

- **RESIGNATION** - voluntary employment termination initiated by an employee. As a courtesy, the Company requests two weeks notice of resignation so that it can seek to fill the opening with minimum disruption.
- **LAYOFF** - involuntary employment termination initiated by the organization for lack of work; staff reductions; departmental closure; and the like.
- **RETIREMENT** - voluntary employment termination initiated by the employee meeting age, length of service, and any other criteria for retirement.
- **TERMINATION** - involuntary employment termination initiated by the Company when further employment of the individual appears to no longer be in the best interest of the Company. This category includes non-disciplinary terminations (such as where an employee cannot return from leave, or is unable to do the job despite good faith effort, or simple personality conflicts where the relationship has deteriorated to the point where the Company concludes that one person must go). It also included terminations for disciplinary reasons.

Procedures at Termination

Upon termination of their employment, employees will receive their final pay in accordance with applicable state law (usually at the next regular pay period following termination). All accrued, vested benefits that are due and payable upon termination also will be paid at this time. Other accrued benefits, such as benefits under retirement or savings plans, will be distributed under the terms of those plans.

The problem resolution procedure also should be used to report activities by customers, vendors or suppliers which appear to violate our Conflict of Interest policies. Timely reporting of such actions is essential to protect the Company's interests, as well as those of the employee. Likewise, employees have an obligation to report coworkers who are in violation of those policies.

After termination, health insurance benefits usually may be continued at the employee's expense if the employee so chooses and it may be possible to continue certain other insurance benefits, depending on the terms of the plan. The employee will be notified in writing of the benefits which may be continued, and of the terms under which this is possible.

The Company will generally schedule exit interviews at the time of employment termination. The exit interview will afford an opportunity to discuss such issues as employee benefits, conversion privileges, repayment of outstanding debts to the Company, or return of Company-owned property. Suggestions, complaints, and questions can also be voiced.

Return of Property

Employees are responsible for all property, materials or written information issued to them or in their possession or control. All the Company property must be returned by employees on or before their last day of work. Where permitted by applicable laws, the Company may withhold from the employee's check or final paycheck the cost of any items that are not returned when required. The Company may also take all action deemed appropriate to recover or protect its property.

Section 4: Rules of Conduct

We expect our employees to use common sense and good judgment, and to conduct themselves in a professional business manner which will foster good relations with their managers, coworkers, and persons with whom we do business. Failure to behave in an appropriate professional business manner, or failure to act in a way which furthers the business activities of the Company, is grounds for disciplinary action, up to and including discharge.

We have tried to list examples of the types of offenses which may lead to disciplinary action, but it would not be possible to list every conceivable deficiency or action which might cause the Company to conclude that the continued employment of a particular employee is no longer in the best interest of the Company. As a result, employees should use this list only as an illustration of the types of conduct may lead to discipline or termination.

1. Unacceptable quantity of work.
2. Unacceptable quality of work.
3. Discourtesy or offensive conduct towards others, including violation of EEO Policies.
4. Violation of any other company rules, procedures and policies.
5. Immoral, indecent or outrageous behavior (including off-premises conduct which may be highly offensive to coworkers or customers, such as child molestation or child abuse).
6. Falsification of company records.
7. Deliberate damage to, destruction of, removal of, theft or conversion of company property or property of others.
8. Being under the influence of alcohol or illegal drugs on Company premises or during Company functions.
9. Use, sale or possession of alcohol or illegal drugs on Company premises.
10. Failure to report to work without a satisfactory reason.
11. Conducting personal tasks on company time without permission.
12. Habitual tardiness or excessive absenteeism.
13. Being absent during working hours without permission.
14. Sleeping on the job.
15. Intimidation or coercion of other employees.
16. Willful disobedience, insubordination or failure to carry out any reasonable, lawful order from your supervisor.
17. Improper or indolent performance of duties.
18. Carelessness or recklessness which endangers persons or property.
19. Intentional waste of material.
20. Abuse or misuse of tools or equipment.
21. Playing of pranks, horseplay or practical jokes which endanger the safety of others.
22. Dishonesty, deception or fraud.
23. Trespassing.
24. Violation of safety rules.
25. Acts of aggression or violence, including fighting or threatening actions.
26. Use of threatening, abusive or profane language.
27. Tampering with or removal of authorized notices.
28. Conflicts of interest.
29. Misappropriation of company information or trade secrets.
30. Possession of weapons on Company property.

Section 5: Problem Resolution Procedure

Introduction

Whenever an employee is upset with something which has occurred in the workplace, and the employee has been unable to resolve the problem through routine workplace discussions (or the employee reasonably believes that such discussions would be futile or counter-productive), the employee is invited to ask to discuss these issues further by use of the Problem Resolution Procedures (PRPs) included in this section.

Most workplace problems arise through disagreement with some decision or action by the supervisor (or the company), or through disagreements with a coworker. These problems usually will be resolved using the normal PRP. However, in the case of serious legal violations by supervisors or coworkers which require immediate management attention, a separate Serious Incidents procedure has been adopted. Occasionally, problems may arise due to improper actions by customers, vendors or supplier, which should be handled using the Outsiders procedure.

Remember that our supervisors are not mind-readers, and some of them may be so busy at times that they may not notice something which you think should be obvious to them (or, even if they saw something, they may not realize how serious it was to you). It is your obligation to tell your supervisor if something happened that upsets you. If you don't like the answer, it is your obligation to appeal (as supervisors are human, so they can get busy and sometimes may not "hear" a problem unless you make an issue of it).

Bottom-line: We are serious in our commitment to the principles of common courtesy, open communication and application of the Golden Rule. If we make mistakes (as everyone does), we want to fix them - but we cannot do this without your help.

No-Retaliation Policy

No employee will be penalized for use of the problem resolution procedure, as long as the employee presents such request for management review courteously and in good faith, and abides by the decisions and instructions of the immediate supervisor while the matter is under review (unless such instructions fall within the definition of serious supervisory misconduct described in the last part of this section).

We are not so naive as to believe that every problem can be resolved to everyone's total satisfaction. However, we believe that most problems arise through miscommunication or lack of understanding of the reasons of the Company (or of a coworker) for a particular decision - so, if the problem can be resolved by talking through the concerns of the employee, everyone will benefit by the elimination of most workplace conflicts.

Common Reasons for Using the PRP

Most problems with coworkers seem to arise when two stubborn individuals refuse to be flexible and each tries to insist on having things his/her own way (although such problems also can arise when one person is so routinely inflexible that the coworker finally gets sick of giving in and refuses to budge, or where one employee fails to speak up and leads an otherwise flexible person to believe that agreement exists when it does not). Typically, these problems do not arise out of bad intent, but because both

and identifies any facts or supporting records which would be helpful in the investigation. This report should be hand-delivered to the top location manager (unless that individual is implicated, in which case the data should be sent directly to Personnel).

On the other hand, a situation could arise where it is absolutely urgent that top management become involved ASAP in order to prevent immediate serious harm to the employee, members of the public, or to the Company. An example would include a situation where a supervisor has made threats to force the employee or coworkers to do something immediately which is very unsafe or illegal (for example, telling employees that he will fire them one after another until he finds someone who drive a truck without brakes down a crowded freeway). Another example would include immediate demands by a supervisor that the employee does something which is likely to be traumatic and which would be a very serious violation of EEO laws (such as giving an immediate order for the employee to engage in sex with the supervisor or a customer, under threat of discharge).

Employees are expected to refuse to follow an order to do anything which involves serious criminal wrongdoing or is likely to cause serious harm to them or to others.

If such orders are given, the employee should refuse to obey the order, and ask the supervisor to reconsider (unless this is clearly fruitless). If the supervisor refuses to reconsider, the employee should tell the supervisor that the employee is leaving to make an immediate report of the matter (unless the supervisor is acting so irrationally that the employee fears an assault if this is done). The employee should then leave to make an immediate call to the top location manager or the Personnel Manager from the nearest available safe location.

If it is after-hours and these individuals are unavailable, the employee may contact any available supervisor for assistance. If no supervisor can be located, the employee must then assess whether it is essential to take further action immediately to protect the safety of others, or whether it is sufficient to leave voicemail messages for management and to address the problem the next day.

When a serious emergency exists which requires immediate action by someone in authority, the first thing to do is to take necessary steps to protect yourself (and coworkers, if there is time to warn them); get away from the danger; and then call for necessary help. If no manager is available to handle the matter (or there is no time to find a manager), then the employee may have no other option than to contact the necessary authorities for help. Some examples of situations which likely would require such actions would be where a boiler is ready to burst because the supervisor is insisting on overloading it, or the supervisor has just driven the truck without brakes off the lot, or the supervisor is acting irrationally (perhaps waving a gun in the air or threatening violence).

In situations where employees are working without a supervisor present (so they essentially are supervising each other), these same types of steps should be followed if a coworker engages in conduct which, if committed by a supervisor, would fall into the category of serious supervisory misconduct. Thus, if the coworker cannot be convinced to stop doing something which is likely to cause serious injury to himself or another (or which involves serious criminal wrongdoing), then other employees have an obligation to contact management for help.

Once the matter has been reported to management, it is in the interest of all concerned to avoid the possibility of unpleasant confrontations with the supervisor or coworker who was reported. Thus, depending on the circumstances, the employee or the supervisor (or both) may be asked to remain at home for a few days, or may be reassigned temporarily, so that the investigation can be completed

employees didn't talk things through sufficiently to see the other point of view. Once management provides the catalyst to help them to talk to one another, a workable solution normally can be reached.

Most problems which employees have with the Company itself (or with a supervisor) seem to stem from lack of understanding of the point of view of the supervisor or the Company, or lack of good communication between the supervisor and the employee. Open communication with the supervisor (or with higher levels of management) will permit these problems to be resolved in most cases. For example, such discussions may allow the supervisor to discover that the employee may not have properly understood what job duties are most important in the work unit (so the employee has been focused on the wrong things); or the employee may discover that he really needs to pursue more training to meet his goals; or the employee may discover that certain conduct really has created more headaches than he realized (e.g., chronic tardiness is delaying the work of many other employees); or the employee may discover that there are legitimate reasons (such as cost or administrative problems) which caused the Company to adopt a particular policy which the employee dislikes.

Similarly, if the employee is upset over the way in which a certain policy has been administered (for instance, he does not like the way in which vacation was scheduled), presentation of a complaint often allows the employee to see the larger picture behind why the rule was adopted. Such complaints also alert the Company to problems or situations which had not been foreseen, and can lead to changes or exceptions to the policy. Finally, even if the discussions reveal that there is simply an honest difference of opinion over such matters as whether certain discipline is justified (e.g., the employee cannot understand why a big issue is being made over attendance when he thinks that he is doing great overall), these discussions may be helpful in assisting the employee to decide whether compliance with certain rules is sufficiently burdensome that he should explore other work assignments within or outside of the Company.

As a result, we encourage all employees to use the following problem resolution procedure if they are unhappy about any workplace issue, so that the Company is alerted to the problem early (in time to see if the problem can be resolved before little problems become big ones). Any time limits noted are advisory in nature, and may be waived where the Company finds it to be appropriate to do so.

Normal Problem Resolution Procedure

Step 1: As a general rule, problems are more easily resolved if they are raised quickly, so the employee should endeavor to discuss a problem or concern with his/her immediate supervisor within 3 working days after the incident occurred (or within 3 working days of the date when the employee became aware of the problem). Unless the problem involves a routine issue which the employee believes likely to be resolved by a brief discussion with the immediate supervisor, the employee should put the complaint in writing (and include enough facts so that reviewing managers will be able to understand what the problem is about). The immediate supervisor will endeavor to give the employee a response within three working days after the problem has been presented (and normally will respond in writing if the complaint has been presented in writing, although a meeting typically will be held to discuss the response in more detail). Please note: If the problem involves some act by the supervisor which the employee believes to have violated his/her rights under EEO laws, the employee may bypass a meeting with the supervisor and proceed to Step 2, if the employee so desires. However, because an appeal always can be filed later and because most supervisors will appreciate the courtesy of being given the opportunity to explain their actions, employees are encouraged to think about talking first with their supervisor about their concerns (unless the conduct was so highly offensive and unrelated to legitimate work matters that this appears fruitless or the conduct is sufficiently widespread that the management needs to be alerted to the situation, either through this procedure or through the procedure for reporting serious supervisory misconduct).

without risk of such incidents. In most situations where an initial verbal report has been made, the employee will be asked to provide a full written statement as soon as possible.

The employee should recognize that reports of serious supervisory misconduct are not taken lightly by the Company. One or more top managers usually will be required to drop other important business matters to look into the report, and the Company often will need to retain outside counsel to assist in the investigation. While the Company definitely wants to be alerted to serious problems promptly (and normally will give the benefit of the doubt to the employee where the report appears to have been made in good faith, even if it was mistaken), the Company reserves the right to deal severely with employees who intentionally or recklessly abuse this process.

It is important for employees to use good judgment and common sense in deciding whether the matter is important enough to warrant immediate top-priority attention by high-level management (e.g., use of this procedure to report some trivial error, such as filing reports in duplicate when government regulations require filing in triplicate or to report some minor safety issue such as a burnt-out light bulb, would be a huge waste of top management time - and could cause management to question the motives or intent or common sense of an employee who failed to use normal problem resolution channels to address such matters).

Procedure for Misconduct by Outsiders (Third Party Misconduct)

The Company will not tolerate any harassment of its employees by any outside vendor, customer, visitor or supplier. In the case of name-calling or similar forms of verbal harassment, the employee should try to remain calm and use common sense in dealing with the abusive individual (especially if the person is irate), while either sending a coworker to find a supervisor or excusing themselves to find a supervisor to deal with the individual.

Maintaining an attitude of calm courtesy is always difficult while being verbally abused, but it helps to protect the employee from getting into a shouting match or ugly confrontation (so this is much safer for the employee, and also helps to avoid later arguments over who started the conflict). Keeping a calm head also makes it easier for the employee to concentrate on keeping notes about exactly what happened (which will greatly assist the Company in later discussions about the incident with the harasser or his employer).

Of course, if the employee feels physically threatened (including in danger of a sexual assault), the employee should find any excuse to get away from the individual, go to a safe place, and then immediately contact a supervisor or Security for further assistance.

Sometimes, situations may arise where no offense may have been intended by the outside individual (such as joke-telling by a salesman which may offend some highly-religious individuals, but does not offend most other employees). It is best to bring these situations to the supervisor, and obtain guidance on the best ways to handle the matter to address your concerns, while also avoiding a possible unpleasant confrontation with an important customer or vendor who likely had no evil intent. For example, there may be occasions when the contacts with this individual are so infrequent, and the nature of the conduct is so mild, that the simplest solution is to permit the offended individual to avoid dealings with this outside person. If the employee is unhappy with the solution devised by the supervisor, the problem resolution procedure is available to deal with such concerns, and to address any alternative solutions which the employee wishes to propose.